

Remarks of
Ronald N. Langston, National Director
Minority Business Development Agency
Washington, D.C.

Expanding Horizons:
A Workshop about Investing Overseas
for
Minority and Women-Owned Businesses
Sponsored by the
Overseas Private Investment Corporation

Thursday, November 16, 2006
Millennium Biltmore Hotel
Los Angeles, California

Mr. Mosbacher, Ms. Almeida and my long-time friend from Iowa, Ms. Judy Gilbert, it is a once again a pleasure to participate in OPIC's workshop about investing overseas for minority and women-owned businesses.

This is the third workshop [hopefully not the last] that will lay the foundation for developing a strategic partnership between the public, non-profit and private sectors. This partnership will foster greater participation of minority and women-owned businesses in the global market place through active engagement in business and entrepreneurial investment overseas.

I commend OPIC for this initiative, which began in the historic commercial center of manufacturing, transportation and textiles in the Deep South, Atlanta, Georgia. OPIC then chose Chicago, Illinois, the American breadbasket of agriculture, the Chicago Board of Trade, and the historic Chicago Merchandise Mart.

Today in sunny California, with its rich pioneer history of embracing those from distant lands and faraway shores who sought opportunity among the vast treasure of the land and sea, we once again appeal to you to lead the way.

California is the birthplace of new innovations and trend setting styles in entertainment, agriculture, technology and most importantly, trade. We ask for your enthusiastic participation with OPIC, MBDA and the National Women's Business Council.

The partnerships represented here today are a critical first step to introducing and educating minority and women-owned businesses on the value proposition for competing in the global marketplace. Today more than ever, the United States is fully engaged in the global economy.

Minority Business Enterprise in the Global Economy: The Business Case

In September of 2003, the MBDA commissioned a report on *Minority Business Enterprises in the Global Economy: The Business Case*.¹ The preliminary observations of the report noted the following:

1. “MBEs may not be able to compete directly with massive U.S. companies that have already established a multinational presence in developing economies.
2. However, by capitalizing on their unique competitive strengths, [note strengths] especially in developing countries, Minority Business Enterprises can compete with larger multi-national companies.
3. International business in addition to trade may also provide opportunities for MBEs to take advantage of being in specific areas such as sourcing, intellectual capital, and the global supply chain.
4. Strategic partnering presents an opportunity to align with larger multi-nationals. MBEs are better positioned to enter markets not big enough for large multi-nationals.”²
5. Key Point: There is speculation that MBEs may have a natural competitive advantage with the country or region with which they have ethnic linkages (recent immigrants in particular).

¹ *Minority Business Enterprises (MBEs) In the Global Economy, A Preliminary Study*, by John Owens and Robert Pazornik, Center for International Business, The Tuck School of Business, Dartmouth College. Prepared for National Minority Business Enterprise (MED) Week, September 2006.

² Ibid

The Report goes on to detail the issue of the lack of minority participation in the global market. Noting: *Generally speaking, minority-owned firms are not active in global trade. Nearly 90% of MBEs do not export*³. In 2004, the authors of a second commissioned report between MBDA and the Tuck School of Business noted:

*“The United States today faces unprecedented demographic changes, the net result of which will be dramatic changes in the size and ethnic composition of the U.S. labor force. In future decades the U.S. labor force will grow much more slowly than in the past, and any growth that is realized will be accounted for entirely by minorities – whose growth in turn will be accounted for largely by immigrants. The success or failure of minority-owned business will increasingly drive the success or failure of the overall U.S. economy.”*⁴

The strategic focus on the growth and expansion of Minority Business Enterprise is not just the right thing to do...it is a national priority! If the United States is to remain competitive in the 21st Century, we must engage more American businesses in the global economy.

Trade promotion is a key to the eastern sea board and historic Deep South. The Midwest, with its agriculturally-based regional economies and heavy manufacturing hub, must pursue foreign markets to sell

³ SMOBE -1987.

⁴ *The Life Cycle of A Minority-owned Business: Implications for the American Economy*, by Dr. Andrew B. Bernard and Dr. Matthew J. Slaughter, Tuck School of Business at Dartmouth, and the National Bureau of Economic Research. Minority Enterprise Development (MED Week, 2004, Washington, D.C.

American products. The west, especially here in California and in the State of Washington, is the heart of entrepreneurship and innovation in America that is spreading global commerce through the technology of the Internet.

We must encourage more U.S. companies to begin exporting, entering the global supply chain, and in general, expanding the number of markets they serve. We are fortunate in the U.S. to have programs and policy objectives which encourage business-to-business linkages abroad to enhance trade and export.

Here are four key reasons why investment overseas is easy for minority enterprises:

1. The U.S. is engaged and an active participant in the global economy.
2. Exporting is easier than ever. The Department of Commerce Office of Foreign Commercial Service and the Export Assistance Centers domestically and throughout the world are specifically charged with the mission of assisting U.S. businesses in global trade. [Acknowledge ITA Team].
3. Broadening the exporter base through strategic partnerships such as MBDA's business-to-business linkages initiative between MBEs in the U.S. and SMEs in emerging economies is an important step forward.
4. Inter-agency coordination in priority markets, such as OPIC espouses, is welcome support.

The United States will once again become a *nation of immigrants*. The difference will be the immigration will be comprised of people of color. **Some will fear this change.** I say, let us embrace and welcome

the change. **Some will complain** about the burden and costs of immigration or the shifting of minority populations to majority status in some states. I say the positive rewards of inclusion, diversity and the growth of Minority Business Enterprise will far outweigh the negative externalities based upon fear and ignorance.

It is a fact, the United States more than any other country in the world looks and speaks like every other country in the world. *This is our strength and competitive advantage in the 21st Century world-wide economy.*

In closing, the critical importance of this partnership between the MBDA, the NWBC and OPIC is to encourage MBEs and women-owned businesses to take full advantage of the resources and opportunities presented today.

Therefore, I thank you Mr. Mosbacher and your team for this wonderful opportunity to partner with OPIC and the National Women's Business Council to encourage and enhance the growth and participation of minority and women-owned business in overseas investment.

RNL

Revised 12-07-06